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C O N F I D E N T I A L SECTION 01 OF 06 KYIV 001516

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TAGS: [PGOV](#) [PREL](#) [UP](#)  
SUBJECT: UKRAINE: DNIPROPETROVSK LUKEWARM ON RADA  
ELECTIONS, MORE INTERESTED IN ECONOMIC/SOCIAL ISSUES

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Classified By: Political Counselor Kent Logsdon for reasons 1.4(a,b,d).

¶1. (C) Summary. On an early June trip to Dnipropetrovsk city, the capital of a major industrial center in the East, poloff found a wealthy city more blue than orange, but with a great deal of distrust of both Donetsk-based Party of Regions and Dnipro-native Tymoshenko, leaving an opening for other political forces. In meetings with representatives of all major political forces and outside journalists and analysts, all talked about a population fiercely proud of their city and oblast, focused on economic issues, and disinterested in Kyiv politics. They talked about the need for political decentralization, and cited a small but growing middle class that demanded a higher quality of life and a city free of garbage and environmental pollutants. They also advocated decentralization, of the budget and the government as a whole, to give more power to the local governments and to be less dependent on Kyiv. People were proud of Dnipropetrovsk's status as a military-industrial center in the Soviet Union and as the dominant political force in Ukraine in the 1990s, when most key politicians, including President Kuchma, hailed from Dnipropetrovsk. Accompanying this regional pride was an equally high disdain for Donetsk--Dnipropetrovsk's rival during its glory days in the 1990s. Even former Prime Minister Lazarenko, the Dnipropetrovsk native currently in jail in San Francisco for money laundering, still holds sway here and is remembered for the wealth and structural improvements he brought to the city.

¶2. (C) Summary contd. In terms of a September 30 Rada elections, Regions is likely to be the highest vote getter in Dnipropetrovsk, as it was in the 2006 Rada elections (it got 45 percent), but it does not dominate this oblast as it does neighboring Donetsk and Luhansk. Moreover, Regions could lose some support to the Communists and Vitrenko's Progressive Socialists on one side and to the more populist orange parties, such as BYuT on the other. Tymoshenko is likely to retain her foothold--15 percent in 2006--but there is potential for smaller parties, especially Lutsenko's People's Self-Defense to garner support here. Everyone we spoke with acknowledged that Russian language and NATO would be major campaign themes again, although populist promises--higher pensions, salaries, etc--would dominate all parties' platforms. People agreed that these elections would be dirtier than the 2006 elections, but that it was not possible to return to 2004 levels of voter fraud--no one party or group had that much control over the oblast. There was also an ongoing race to buy media before the election; Regions was winning, but Tymoshenko and Lazarenko also had stakes. End summary.

BYuT: Vote for Tymoshenko, She Was Born Here

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13. (SBU) BYuT Rada MP Ivan Kyrylenko laid out the BYuT strategy--focus on social populism and remind people that Tymoshenko is from Dnipropetrovsk. He said that they had just commissioned a poll that showed voters were most concerned with social and economic issues--utility costs, quality of medical care, garbage in the streets, and the level of wages. But voters in Dnipropetrovsk blamed the central government for these problems, not the city or oblast administrations. When Dnipropetrovsk was in charge of Ukraine in the 1990s, they had built roads and bridges. Now Donetsk is in power and does nothing for anyone else--this could hurt Regions, he believed.

14. (SBU) According to Kyrylenko, BYuT wanted to raise the barrier to get into the Rada to between five and seven percent, so they could have a two party system, which would force good people to leave the smaller fringe parties and join one of the big parties. Then, after elections, they would focus on getting a law on the opposition passed that gave the opposition an oversight function and other ways to represent its electorate. He also said that it was time to move forward on the second stage of constitutional reform--decentralization of power to the municipal and oblast levels.

15. (C) Comment. Poloff was struck once again by BYuT's well-structured party infrastructure. Kyrylenko said he had overall responsibility for the campaign in the oblast, but the region is divided into "okrugs"--districts bigger than a rayon--with an MP assigned to each one. He said he comes back to Dnipropetrovsk at least once a week to attend to party business.

Party of Regions: We Don't Want Elections, But We'll Win  
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16. (SBU) Oleksandr Parubets, head of Party of Regions' Dnipropetrovsk party secretariat, said that people in his oblast want stability, not new elections. However, they will vote if the elections are based on constitutional grounds. Dnipropetrovsk is one of Ukraine's five or six donor oblasts, and people don't want to see their tax money spent unwisely. (Note--a "donor oblast" contributes more revenue to the central budget than it gets back. End note) Parubets praised the Yanukovych Cabinet as one of the strongest governments in Ukraine's history, especially for its work in raising pensions and salaries. In terms of what Regions saw as the key campaign issues for the region, it would be job creation and economic development. But he said that they may be forced to raise the Russian language issue, even if was not at the top of the party's platform--if Regions doesn't, the Communists will. Regions' ratings were probably about 10 percent less than in March 2006, but they were stable at 27-28 percent.

17. (SBU) Parubets noted that Regions in Dnipropetrovsk ran in close conjunction in the 2006 elections with the Communists, and that the two parties are now in coalitions in most city and rayon councils, along with the Socialists and Hromada. He could envision the two parties cooperating again, even if not in a formal bloc. He thought that both politicians and voters were more focused on politics at the rayon level than at national level. Parubets also told us that Regions had boycotted oblast council sessions in June 2006 until they succeeded in securing the position of head of the council.

18. (C) Parubets described Regions's national party structure in similar terms to how Kyrylenko described BYuT's--an okrug structure with MPs assigned to reach out to voters in different parts of the country. He emphasized that the local Regions party takes its own decisions; although they talk to Kyiv headquarters daily, they do not feel pressured to make

certain decisions. (Note. Lutsenko's representative in Dnipropetrovsk said that Regions does not have a home grown presence, so the party anointed Dnipropetrovsk businessman Tsarov, now a Regions MP, to run the party in the oblast.

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Tsarov's brothers are Regions deputies in the oblast and city

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councils. End note.)

Journalist Sakhanov: No Political Force Dominates

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¶9. (SBU) Respected local journalist Hennadiy Sakhanov described Dnipropetrovsk as having a higher intellectual level than other parts of the country--there were a lot of university students and professors here, as well as the old intelligentsia. He described the people as quiet, thoughtful, and mostly concerned with economic issues. He commented that after WWII, Dnipropetrovsk became a major military-industrial center, which saw an influx of both workers and technological improvements.

¶10. (SBU) He believed that exact election results were unpredictable, but the new Rada will likely end up split about 50-50 again between orange and blue. Donetsk was not very popular in Dnipropetrovsk and Regions was tied very closely to Donetsk, which limits their popularity. Tymoshenko was very polarizing in Dnipropetrovsk--she is a native daughter and miners had respected her for increasing their salaries and cracking down on corruption in the mining industry, but Regions controls the mining areas now and have countered her influence. Tymoshenko was now paying a lot of attention to rural areas. Communist support seemed to be decreasing--they used to get 8,000-9,000 people to show up for May 1 rallies, this year it was less than 1,000. Because of this ambivalence towards all the parties represented in the current Rada, Lutsenko had the possibility to build support here if he continued holding his regional meetings.

¶11. (SBU) Sakhanov was not overly worried about election fraud, saying that the administrative resource chain from 2004 had been broken. He believed the local government had a lot of influence on elections, both through ownership of media outlets and in staffing district election commissions and polling stations. However, the local administrative vertical did not work for Yanukovych or Yushchenko, but for local political interests.

Analyst Romanov: New Parties Wanted, Lutsenko Could Benefit

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¶12. (SBU) Vladyslav Romanov, director of the Prydniprovyia analytical center, said that people will vote, despite passive political views. However, no political force was offering anything concrete--the slogans are all about higher

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wages and lower tariffs. He thought that Regions will suffer in the upcoming election in Dnipropetrovsk because they had been discredited here. Moreover, they were funding road construction in Donetsk ten times more than in Dnipropetrovsk, which caused tension between the two oblasts.

The BYuT strategy of portraying Tymoshenko as a Dnipropetrovsk native won't work because she is viewed here as having never done anything for Dnipropetrovsk. Romanov believed this left an opening for other parties; Lytvyn and Lutsenko had a good chance here.

¶13. (SBU) In terms of local politics, Regions members of city council seemed to get a lot of guidance from Kyiv. In contrast, BYuT city council members had the majority, so they tended to ignore their Kyiv headquarters. There was a lot of corporate consolidation underway in Dnipropetrovsk, along with greater efforts by businessmen to distance themselves

from politics. But business was suffering--in particular, they needed a land market; without it there would be stagnation. There was no vertical chain in government from the center down to the city, instead there was an ongoing fight between civil servants at the oblast level, where Regions was in charge, and the local level, where BYuT had a majority. Dnipropetrovsk would benefit from a decentralization of the budget--the current process was too vertical.

CVU: Voter Fraud Will Be Low

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¶14. (C) Regional head of election watchdog Committee of Voters of Ukraine (CVU) Oleksandr Sidorenko expressed doubt that there would be an election on September 30, although he allowed it might happen at some point. If there was an election, he said, he did not expect the mass falsifications of 2004 to reemerge because the administrative vertical from Kyiv through the regions to the local level has been destroyed. There was a higher risk of falsification in some of the industrial cities like Kriviy Rih or Pavlohrad than in Dnipropetrovsk city. In terms of party standings, Our Ukraine's ratings had dropped a lot, BYuT's and Regions' slightly. Only BYuT had a strong party structure in the oblast, with MPs visiting at least once a week. He also said that although people in Dnipropetrovsk do not like Donetsk, they still vote for Regions. Moreover, Regions had increased its appeal to young people between 2004 and 2006, surprising people with how well they did in Dnipropetrovsk, although he gave most of that credit to older voters. Sidorenko thought Lutsenko might get more than four percent of vote in Dnipropetrovsk.

Lutsenko's Movement Targeting the Young and Disappointed

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¶15. (SBU) Journalist Olena Harahuts, leader of the Dnipropetrovsk branch of the People's Self Defense movement (PSD), told us that PSD had a seven percent rating and Lutsenko's rallies have been well-attended, even in places that supported Regions or the Socialists in 2006. Harahuts believed that the same old issues and slogans would be used again in the upcoming campaign, including Russian language. The older generation will support the Communists and Vitrenko, but PSD hoped to gain support from the youth. There were places around universities where Yushchenko beat Yanukovich in 2004, but these people were now disappointed in Yushchenko; this was a Lutsenko target demographic.

¶16. (SBU) Regarding the Dnipropetrovsk political scene, Harahuts did not believe ideology was key to party membership; Tsarov had bought his seat in Regions and Vitrenko's Progressive Socialist faction had businessmen in it, including Socialist MP Shybko's son. BYuT had 22 percent support in the oblast, but equally high levels of distrust. Although Tymoshenko was born here, people viewed her as having cheated Dnipropetrovsk in enriching her business.

¶17. (C) Regarding its own plans, Harahuts said PSD had concerns about joining a megabloc with Our Ukraine and Pravitsya. They would like to have their own faction in the new Rada, but cannot if they run as a bloc. Moreover, tensions were high because Our Ukraine was exploiting a legal loophole to pressure PSD into joining the bloc. Because PSD is not a party itself, Harahuts explained, it would need to run as a bloc, which legally must have at least two constituent parties. However, one of PSD's two parties, Forward Ukraine, had been too inactive in recent years to meet all the legal requirements to be a party, an issue that Our Ukraine brought to the attention of the Ministry of Justice and several regional courts. Lutsenko ally and former OU MP Mykola Katerynychuk was preparing a new

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constitution, which Lutsenko and he will present on

Constitution Day (June 28). Other members of PSD were working on the movement's economic platform. They were also planning an anti-corruption campaign, in which PSD would have two lawyers in each of nine oblasts who would provide legal council to regional organizations and journalists attempting to disclose and publicize corruption.

#### Our Ukraine: Not Much of a Factor in Dnipropetrovsk

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¶18. (SBU) Serhiy Belikov, deputy head of the Our Ukraine branch in Dnipropetrovsk city, acknowledged that new elections won't change the composition of the Rada much, but argued that MPs who switched sides deserved to be punished. He said that elections should be followed by the adoption of laws on the opposition and imperative mandate, and then the establishment of a constitutional commission to remove contradictions from the constitution. OU's plan for its campaign in Dnipropetrovsk is to remind voters of the gains made in the Orange Revolution--a free press, a freer society--to point out that Regions' 2006 campaign promises of a better life for all have been empty, and to promise higher pensions and student stipends. Yushchenko has seen a bump in his ratings in Dnipropetrovsk since issuing his decrees on early elections--they would play up the President's affiliation with OU in the campaign.

¶19. (SBU) There is a plan to unite with PSD and Pravitsya and to cooperate with BYuT, but they need to sign a memo with BYuT on holding an honest election and avoiding dirty campaigns. Regions, Socialists, and Communists will raise the Russian language and anti-NATO issues again. OU tried a purely economic platform in 2006, but it did not generate any interest. In 2004, a lot of votes Yushchenko got in the third round in Dnipropetrovsk were really anti-Yanukovych votes. In 2006, BYuT picked up this protest vote. This time, they feared election fraud would be much worse.

¶20. (C) Comment. Our Ukraine has almost no presence in Dnipropetrovsk and most people we talked to did not take it seriously. Outside observers agreed that Our Ukraine had damaged its reputation significantly when it put Mykola Shvets as the number one person on its 2006 oblast party list. (Note. Shvets was the Kuchma-appointed governor of Dnipropetrovsk from 1999-2003 and a blatant example of corruption and abuse of administrative resources, whom Our Ukraine had criticized sharply following the Orange Revolution. End note.) Harahuts said that Shvets had falsified 24,000 votes for OU in 2006. Even the OU reps acknowledged that they weren't much of a factor in Dnipropetrovsk--that Tymoshenko was the only serious challenge to Regions. End comment.

#### Dnipropetrovsk's Oligarchs Still Active Behind the Scenes

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¶21. (C) Although Dnipropetrovsk is not the power center it was in the mid-late 1990s, it is still home to two major "oligarchs"--Viktor Pinchuk and the Pryvat duo of Ihor Kolomoyskiy and Hennadiy Boholubov--and most people we talked to believed they kept their fingers in politics, albeit quietly. Kyrylenko said Pinchuk is not on any specific team, but will work with Regions. He acknowledged that BYuT had some ties with Prvyvat Group, but said they were distant. Romanov said that the role of business was changing, big business still tied to power/government--but slightly smaller non-oligarchic companies are trying to develop a public image separate from politicians. Romanov said Tymoshenko and Pryvat had some ties, but he was not sure how deep they were.

Parubets said that Pinchuk and Pryvat are as involved in politics as anyone, especially Pryvat, but people just don't see it. Parubets added that Pinchuk's charity work is, at least partially, for political reasons and he is still funding the Viche political party, which did not make it into the Rada in 2006, but has seats on regional councils. Belikov said that earlier Pryvat and IUD did not care who was in the government, but now, when they are losing money, they care a great deal. Belikov believed Pinchuk wavers between



Yushchenko and Regions. Harahuts said that Prvyvat supported all major parties, but Regions a little less than the others.

#### Civil Society

¶22. (SBU) Beyond politics, life in Dnipropetrovsk appeared to be developing positively in other directions. There was a lot of discussion of the city's small, but growing middle class--people who wanted a high quality of life and demanded things of their elected officials. Analyst Romanov said that

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these people were less interested in politics than in other issues--including ecological problems and garbage in the streets. These people were willing to pay more for things like water and gasoline if the quality was higher. Mostly they were concerned that there be no economic backsliding. Journalist Sakhanov said that the youth in Dnipropetrovsk was more socially active than middle age people. The youth want a good life, no ties to the USSR. He also said that Dnipropetrovsk had a multicultural heritage--before WWII the population was a mix of Ukrainians, Russians, Catholic, and Poles that brought religious diversity with them--that still resonated in the city today. There was also a strong Jewish presence in Dnipropetrovsk; in his estimation the synagogues had more influence than the Orthodox Church in Dnipropetrovsk politics. There was a lot of civic pride in the city, with a fondness for reminiscing about Dnipropetrovsk's former status as major center of Soviet military-industrial complex and about its control of Ukrainian politics under President Kuchma. It was clear that there was some resentment that Donetsk, Dnipropetrovsk's rival for power and money, had taken such strong control of the central government.

¶23. (SBU) Interestingly, Lazarenko--Prime Minister of Ukraine 1997-1998, currently in San Francisco, convicted on money laundering charges--still has popularity and influence. His party Hromada has the third largest faction on the oblast council and he still owned the most popular newspaper. Last year, they rehung his picture in city hall. CVU head Sidorenko said that although general views of Lazarenko are more negative than positive, people remember that he brought money and order to the oblast. Harahuts said Lazarenko was still respected because when he was Prime Minister, Dnipropetrovsk got money, metro stations, bridges, pipelines, and improved transportation infrastructure, especially in agricultural areas. People had been disappointed that Hromada had agreed to go into a coalition with Regions in ¶2006.

Russia is an Important Neighbor, but Europe is More Desirable

¶24. (SBU) There was general agreement that Russia was an important economic partner, but that Moscow should not interfere in Ukrainian politics and that the Russian path was not Ukraine's. Sakhanov said Dnipropetrovsk residents view Russia as an economic partner, but not a political one. If Russia verbally attacks Ukraine, they attack right back. He said they also viewed the Single Economic Space as a negative. Regions representative Parubets said that people in Dnipropetrovsk have good feelings toward Russia, both in terms of maintaining the industrial links from the Soviet Union and through the Slavic ties between Russia, Ukraine, and Belarus, but they do not want Russia interfering in Ukraine's internal affairs. Harahuts said that in general Dnipropetrovsk did not feel a lot of pressure from Russia--no one wanted a union or a return the past. Romanov argued that Russian pressure was very strong; the Kremlin was clearly unhappy with Yanukovych. The Russians had lots of business interests in Ukrainian coal and metals sectors, Russian insurance companies are active in Ukraine, the financial market is attractive--all of which impacts on Ukrainian developments.

¶25. (SBU) In contrast, there was more focus on Europe as a possible future. Romanov said that Dnipropetrovsk residents consider themselves Europeans--Europe has a positive context in terms of lifestyle and technology. A majority of people supported joining the EU, especially young people. Harahuts said people related well to the EU; there has been an increase of travel and now Ukrainians see how others live and want that for themselves. The one negative most people cited was that there was still a lack of understanding about what NATO was and criticism that Western governments were not more actively engaged in prompting the alliance.

#### Fight for Control of Oblast, City Media

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¶26. (SBU) Most people we talked to expressed concerns that Regions was buying up media in the oblast in anticipation of the September election. In particular, they had used a so-called "raider" attack to get Dnepr Vcherni, the oldest newspaper in the oblast. Harahuts said that Regions was snapping up regional media through the courts and the prosecutor's office. She had received offers for her paper from Tsarov on behalf of Russian businessmen. According to Harahuts, when she refused, they threatened her family. Overall, two-thirds of commercial papers and one-third of government papers tied to Regions. Lazarenko, however, still owned the largest circulation newspaper, Dnipropetrovsk

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Pravda. Hromada also controlled a major tv network, although Harahuts said that since they were allied with Regions now, they expressed the same point of view.

¶27. (SBU) The opposition, however, still had some press and BYuT had the city's television station. Belikov said that only Regions, Hromada, and BYuT have money to fight for media in Dnipropetrovsk; OU is not a player. Harahuts said that Pinchuk and Prvyvat also both had oblast television stations; in fact Pryvat's 9th Channel was the most popular in Dnipropetrovsk. Harahuts added that Governor Nadeyeva did a good job of decreasing administrative pressure on the press, as well as on civil society as a whole. Governor Chervonenko from neighboring Zaporizhzhya also helped with this.

¶28. (U) Visit Embassy Kyiv's classified website:  
[www.state.sgov.gov/p/eur/kyiv](http://www.state.sgov.gov/p/eur/kyiv).  
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